

JVCKENWOOD

Translation for Reference Only

JVCKENWOOD
Results and Forecast Briefing
3Q of Fiscal Year Ending March 2018

February 1, 2018

JVCKENWOOD Corporation

Business Domains

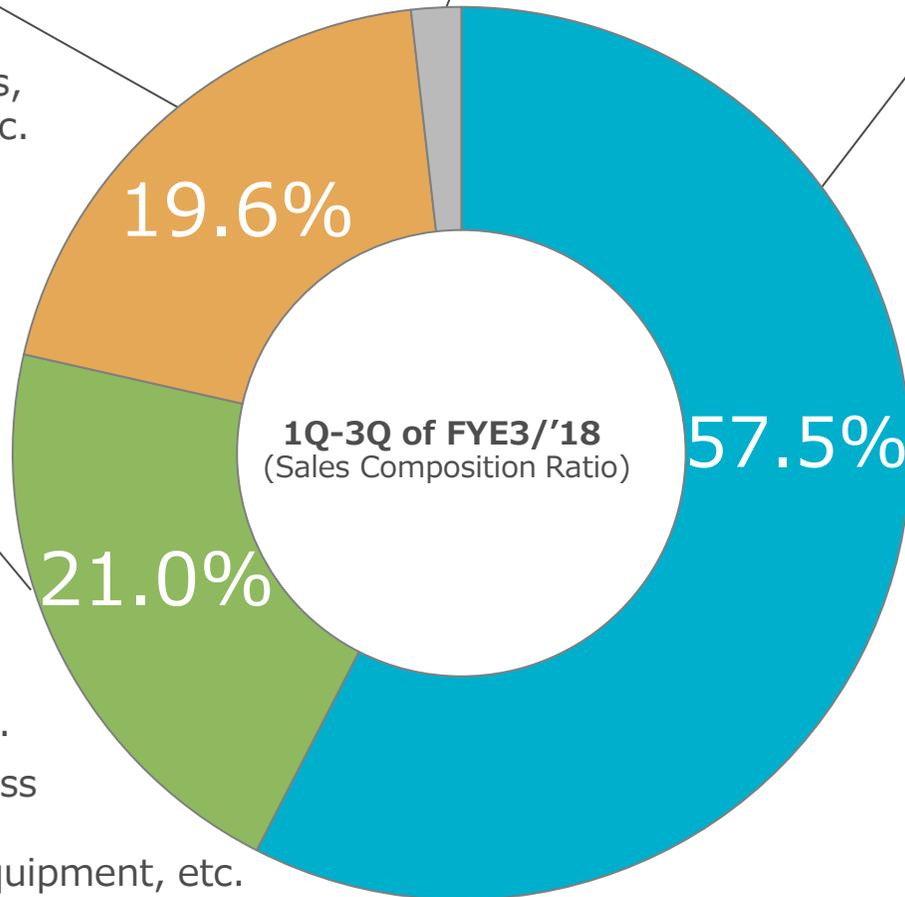
Media Service Sector (MS)

- Media Business
 - Solutions/Products video cameras, headphones, projectors, home audio, etc.
- Entertainment Business
 - Content/contract production business

Others (1.9%)

Automotive Sector (AM)

- Aftermarket Business
 - Car navigation systems
 - Car audio systems
 - Display audio systems
 - Dashcams, etc.
- OEM Business
 - Car navigation systems
 - Display audio systems
 - Dashcams
 - Car-mounted cameras
 - CD/DVD mechanisms for vehicles
 - Optical pick-ups for car mounted equipment
 - Car-mounted speakers
 - Car-mounted antennas
 - Car-mounted amplifiers
 - Digital cockpit systems, etc.



Public Service Sector (PS)

- Communication Systems Business
 - Professional radio systems, amateur radio equipment, wireless system devices, etc.
- Professional Systems Business
 - Security camera systems, professional broadcasting equipment, etc.
- Healthcare Business
 - Medical image display systems, Exosome analysis systems, GazeFinder, etc.

- 1. Overview of Financial Results for 3Q of FYE3/'18**
- 2. Full-year Earnings Forecast for FYE3/'18**
- 3. Topics**

- 1. Overview of Financial Results for 3Q of FYE3/'18**
2. Full-year Earnings Forecast for FYE3/'18
3. Topics

Financial Results for 3Q (1-3Q) of FYE3/'18 - Summary

- Net sales increased due to a significant sales increase in the OEM Business in the AM Sector.
- Operating income increased due to a significant profit increase in the OEM Business in the AM Sector.
- Ordinary income turned around from a loss to a profit due to a significant increase in operating income and improvement in non-operating income and expenses.
- Net income turned around from a loss to a profit due to an increase in ordinary income, decrease in extraordinary loss, and other factors.

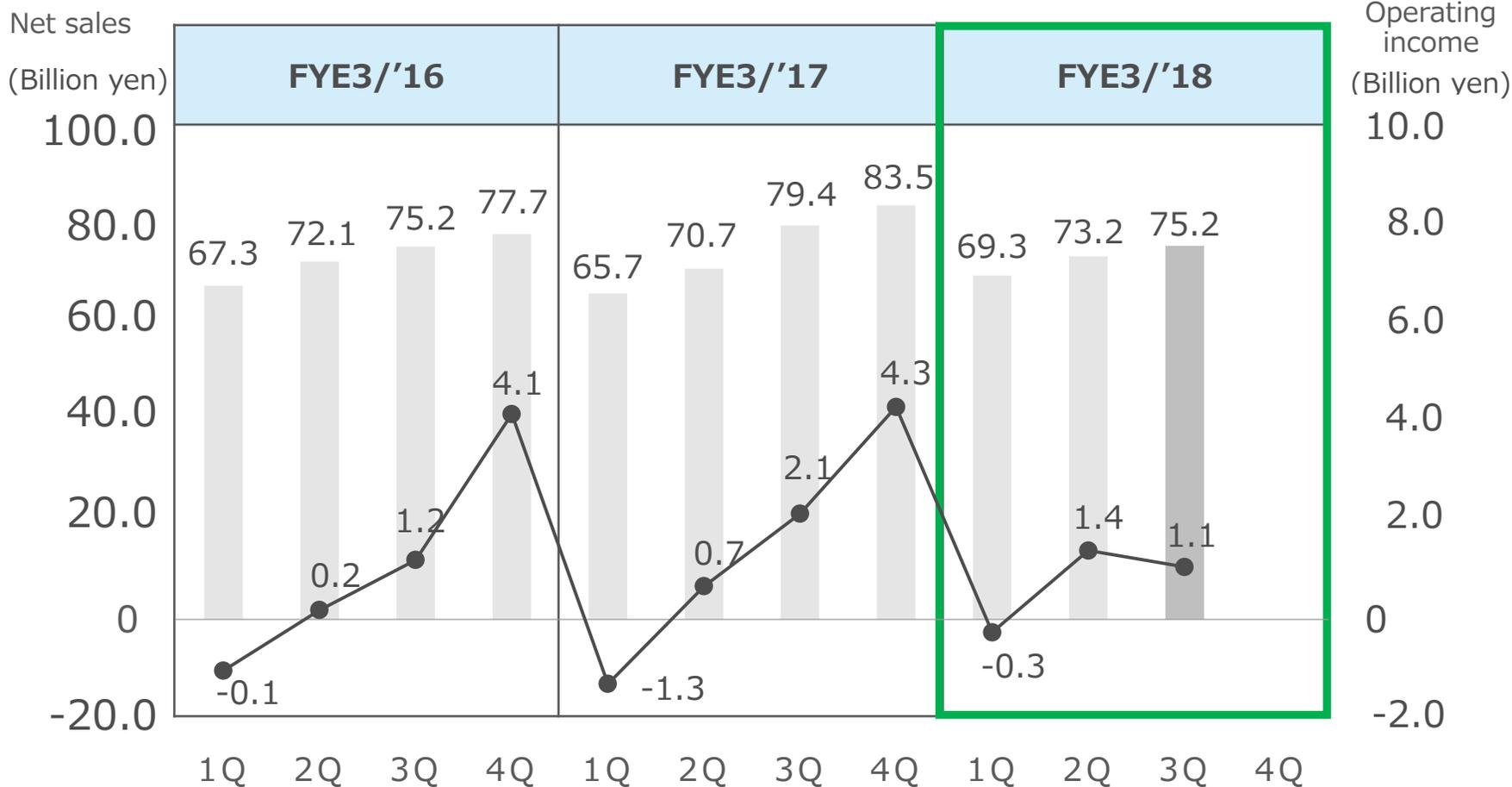
(Billion yen)

	3Q(1-3Q) of FYE3/'17		3Q(1-3Q) of FYE3/'18		
		Compositon ratio		Compositon ratio	YoY comparison
Net sales	215.8	100.0	217.7	100.0	+ 1.9
Cost of sales	158.8	73.6	160.7	73.8	+ 1.9
Selling, general and administrative expenses	55.5	25.7	54.8	25.2	-0.7
Operating income	1.5	0.7	2.2	1.0	+ 0.7
Ordinary income	-0.3	-0.1	1.7	0.8	+ 2.0
Net income attributable to owners of parent	-10.7	-5.0	1.8	0.8	+ 12.6

		FYE3/'17					FYE3/'18				
		1Q	2Q	3Q	4Q	Full Year	1Q	2Q	3Q	4Q	Full Year
Profit-and-loss exchange rates	U.S. dollar	108yen	102yen	109yen	114yen	108yen	111yen	111yen	113yen		
	Euro	122yen	114yen	118yen	121yen	119yen	122yen	130yen	133yen		

Financial Results for 3Q of FYE3/'17

- Trends in Quarterly Results



Exchange rates	U.S. Dollar	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
		Euro	134	136	133	127	122	114	118	121	122	130	133

	1H		2H		1H		2H	
Sales	△ 0.8		5.3		(0.6)		6.4	
Operating income	0.0		0.0		0.0		0.0	

Financial Results for 3Q (1-3Q) of FYE3/'18

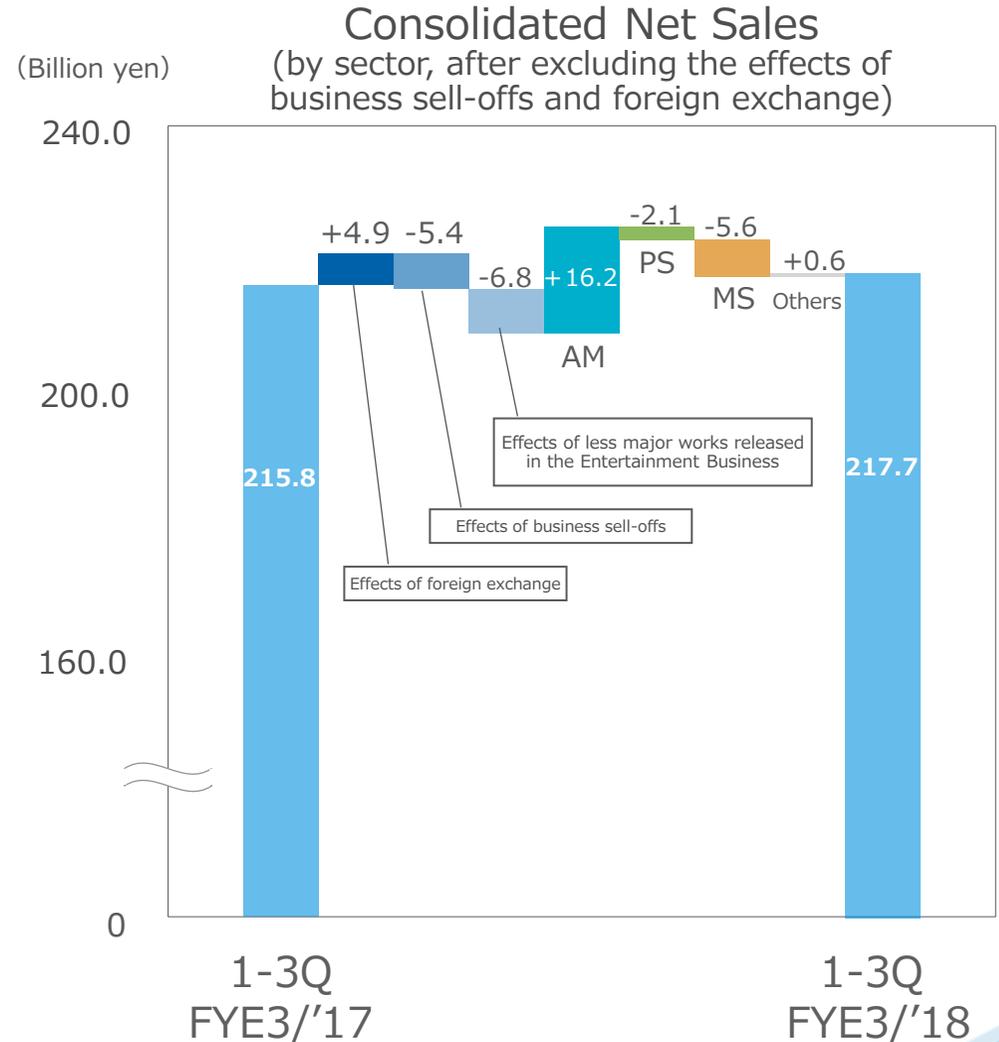
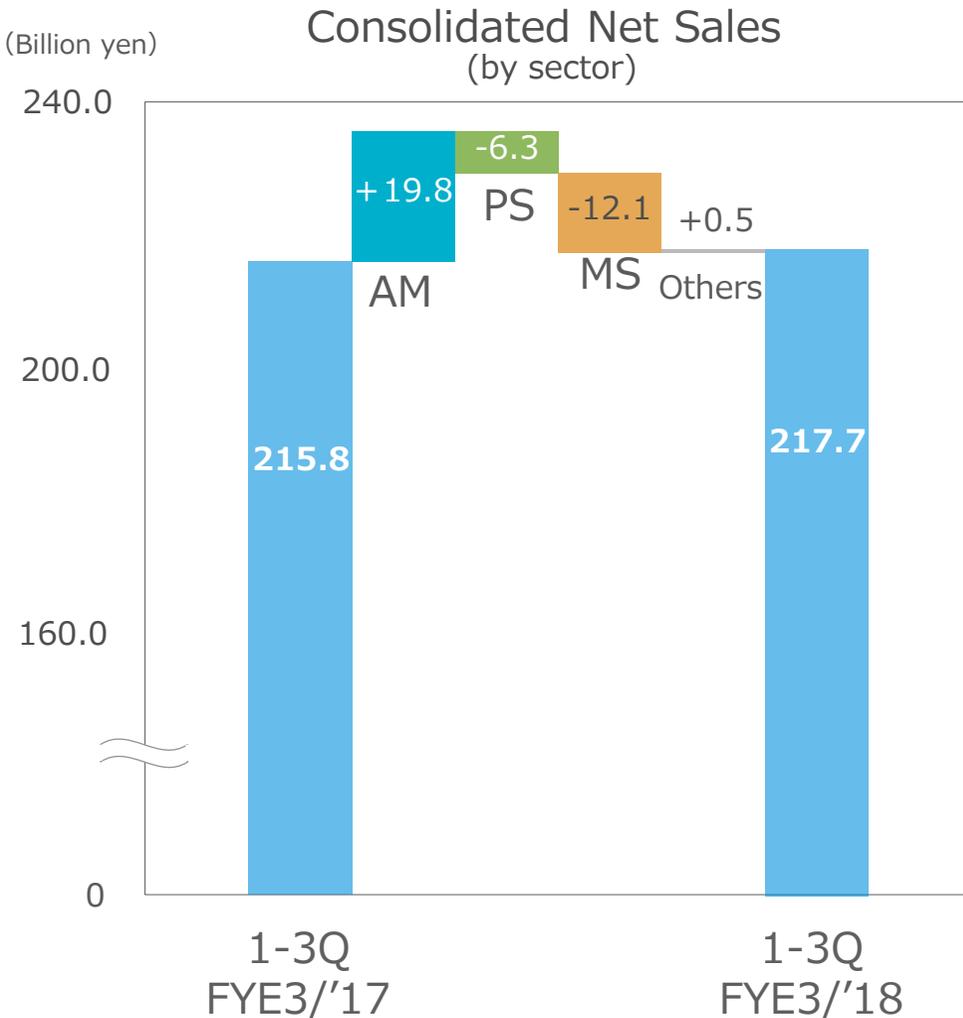
- Results by Sector

(Billion yen)

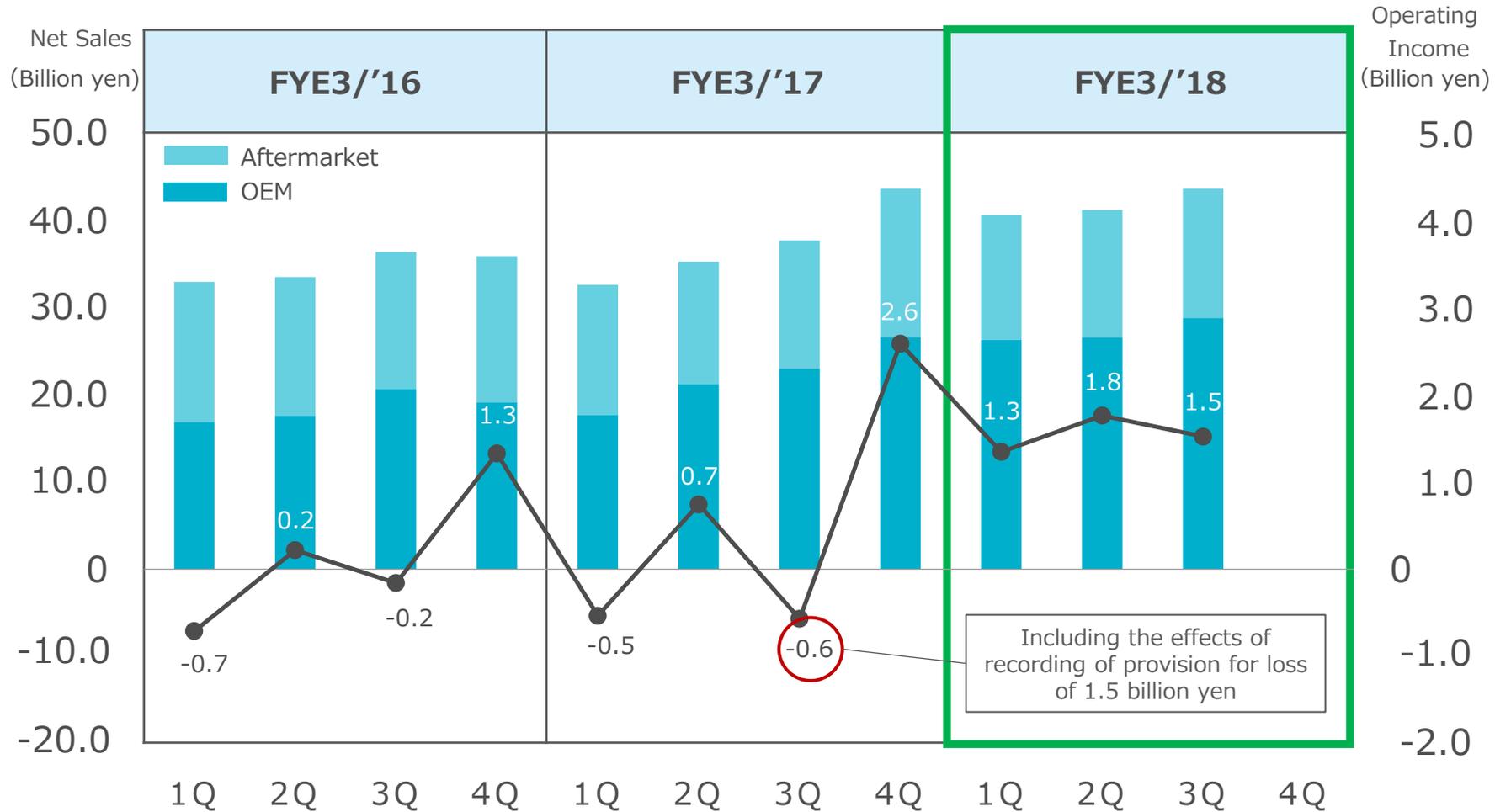
						Factor
		1-3Q FYE3/'17	1-3Q FYE3/'18	YoY change (amount)	YoY change (percentage)	
AM Sector	Sales	105.5	125.2	+ 19.8	+18.8%	* Sales in the AM Sector as a whole increased due to a substantial increase in sales in the OEM Business. * Return to profit in the AM Sector as a whole due to a substantial increase in profit in the OEM Business.
	Operating income	-0.4	4.6	+ 5.0	—	
PS Sector	Sales	52.1	45.7	-6.3	-12.2%	* Sales in the PS Sector as a whole decreased due to the effects of business sell-offs in the Professional Systems Business that caused 5.1 billion yen in decrease and other factors. * Operating loss in the PS Sector as a whole widened due to lower profit in the Communication Systems Business and the Professional Systems Business.
	Operating income	-0.3	-2.0	-1.8	—	
MS Sector	Sales	54.9	42.8	-12.1	-22.0%	* Sales in the MS Sector as a whole decreased due to lower sales in the Media Business and the Entertainment Business. * Operating income in the MS Sector as a whole decreased due to lower profit in the Entertainment Business compared to the previous corresponding period when major works were released, despite a decrease in operating loss in the Media Business.
	Operating income	1.7	-0.4	-2.1	—	
Others (including intersegment elimination)	Sales	3.4	3.9	+ 0.5	+14.2%	
	Operating income	0.4	0.0	-0.4	-99.5%	
Total	Sales	215.8	217.7	+ 1.9	+0.9%	
	Operating income	1.5	2.2	+ 0.7	+45.9%	

Financial Results for 3Q (1-3Q) of FYE3/'18

- Consolidated Net Sales (by Sector)



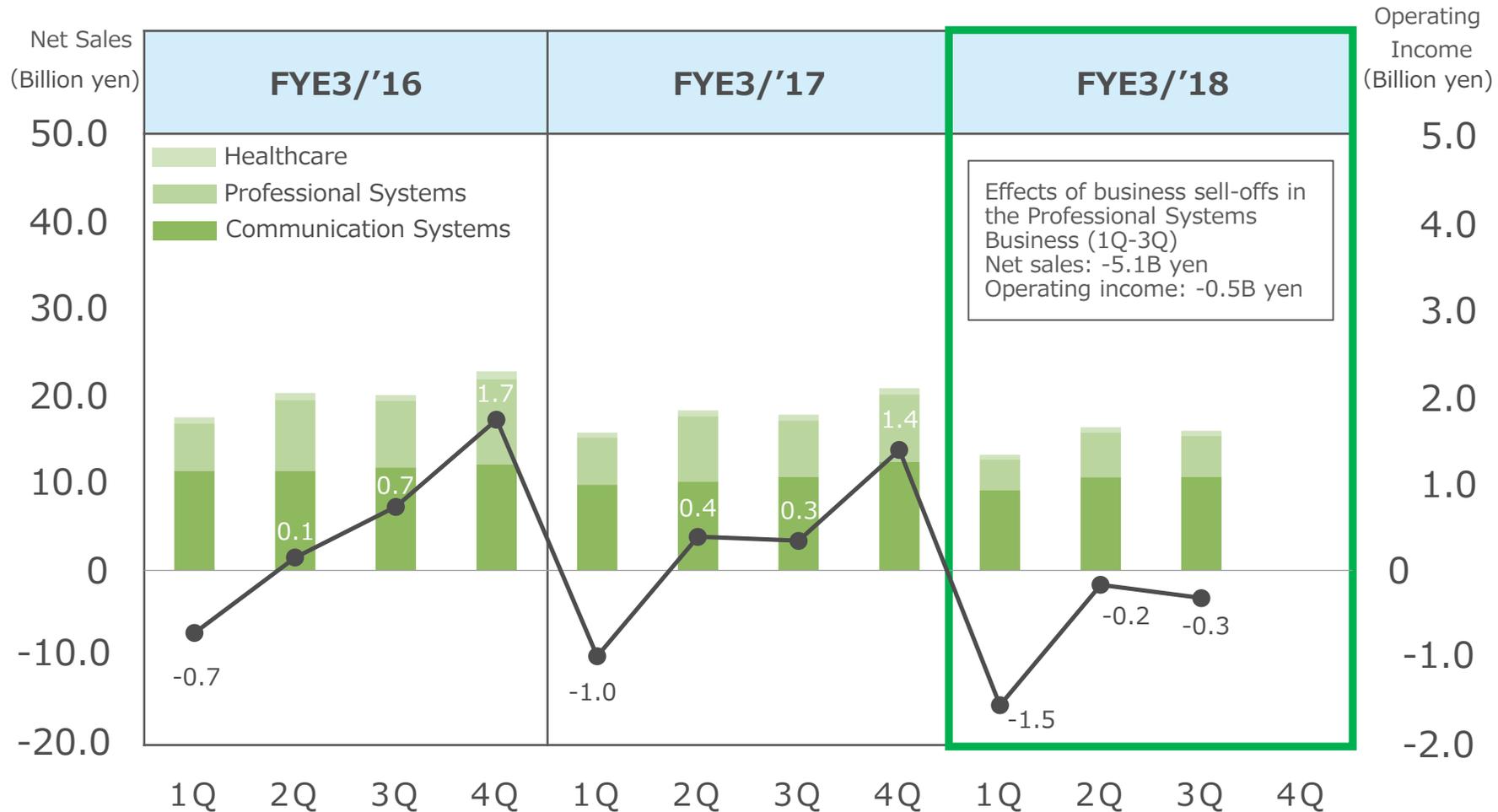
Financial Results for 3Q of FYE3/'18 - Quarterly Results (AM Sector)



	FYE3/'16		FYE3/'17		FYE3/'18	
	1H	2H	1H	2H	1H	2H
Sales	65.3	71.1	67.8	81.2	81.7	
Operating income	-0.5	1.2	0.2	2.0	3.1	

(Billion yen)

Financial Results for 3Q of FYE3/'18 - Quarterly Results (PS Sector)

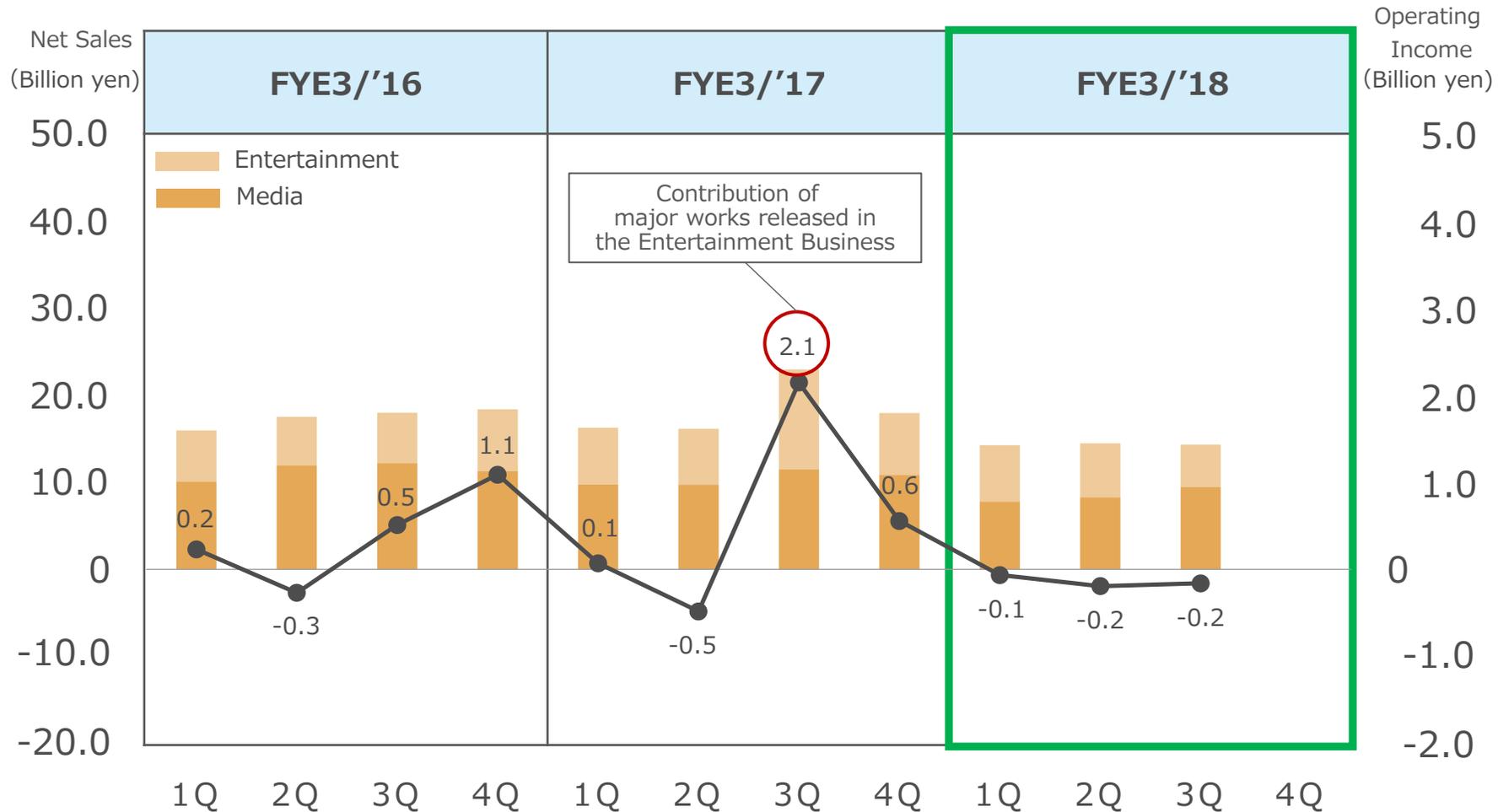


	FYE3/'16		FYE3/'17		FYE3/'18	
	1H	2H	1H	2H	1H	2H
Sales	37.9	43.0	34.2	47.6	29.7	
Operating income	-0.6	2.5	-0.6	1.7	-1.7	

(Billion yen)

Financial Results for 3Q of FYE3/'18

- Quarterly Results (MS Sector)

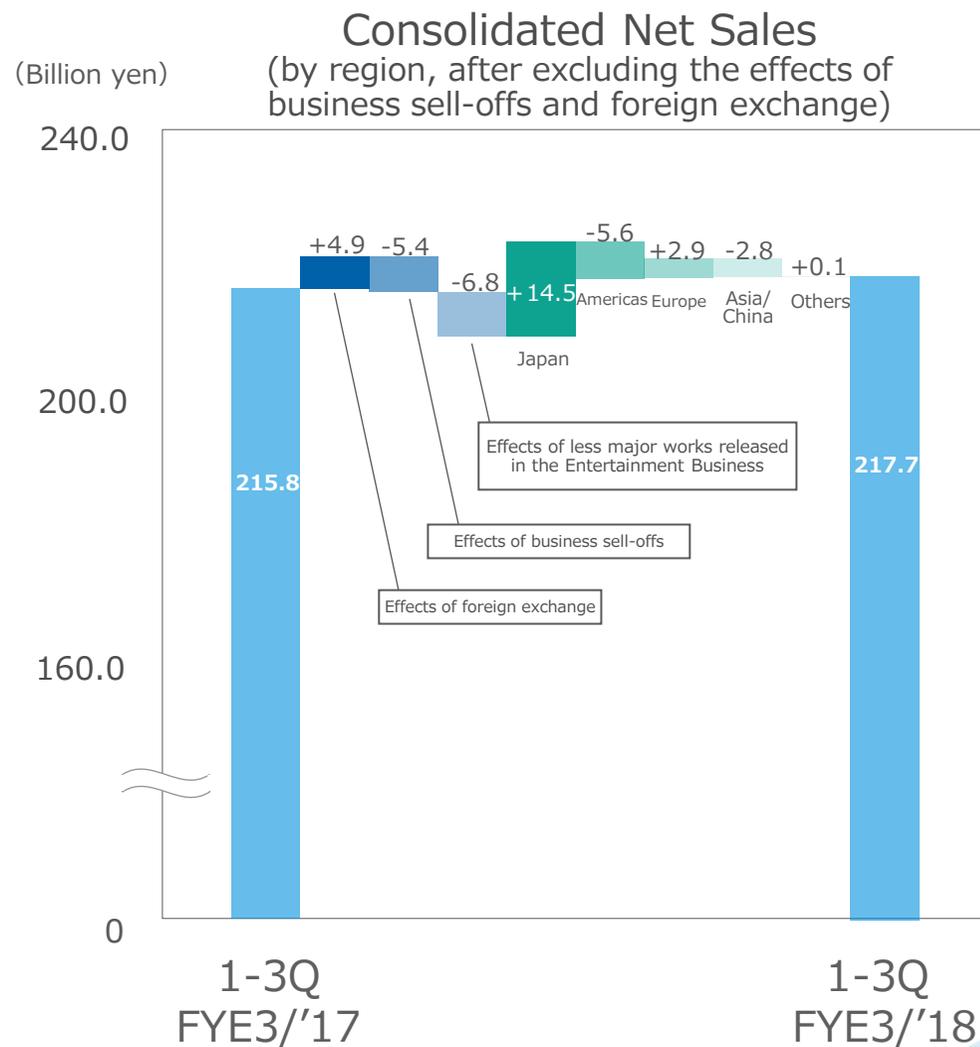
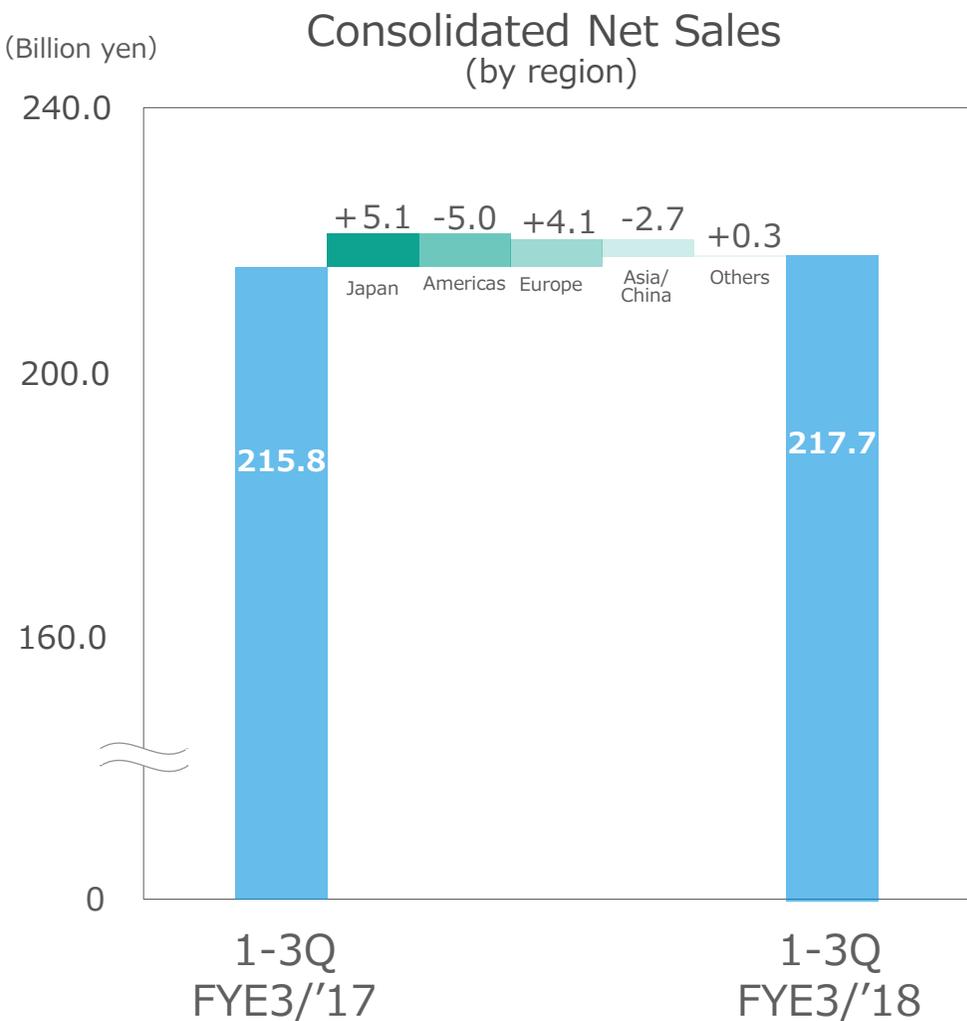


	FYE3/'16		FYE3/'17		FYE3/'18	
	1H	2H	1H	2H	1H	2H
Sales	33.3	36.1	32.2	40.6	28.5	
Operating income	-0.0	1.6	-0.4	2.7	-0.3	

(Billion yen)

Financial Results for 3Q (1-3Q) of FYE3/'18

- Consolidated Net Sales (by Region)



Financial Results for 3Q of FYE3/'18

- Consolidated Net Sales (by Region)

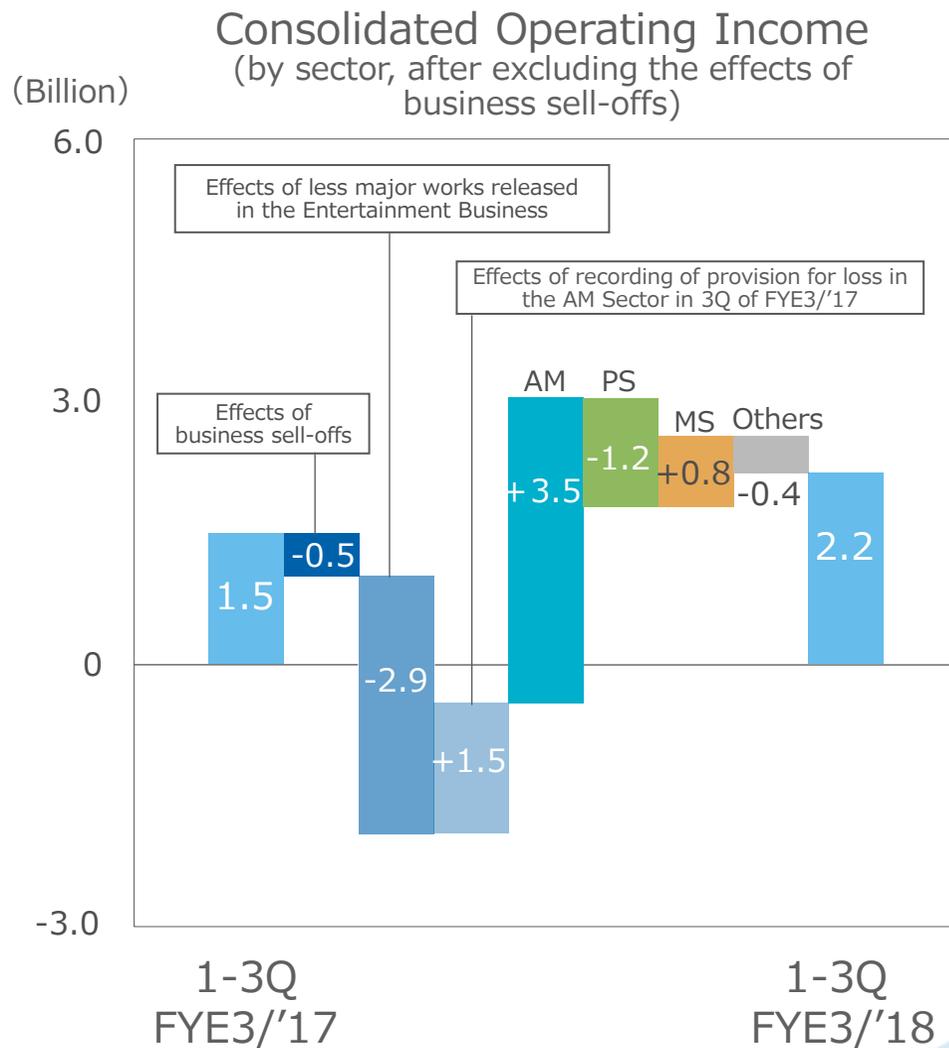
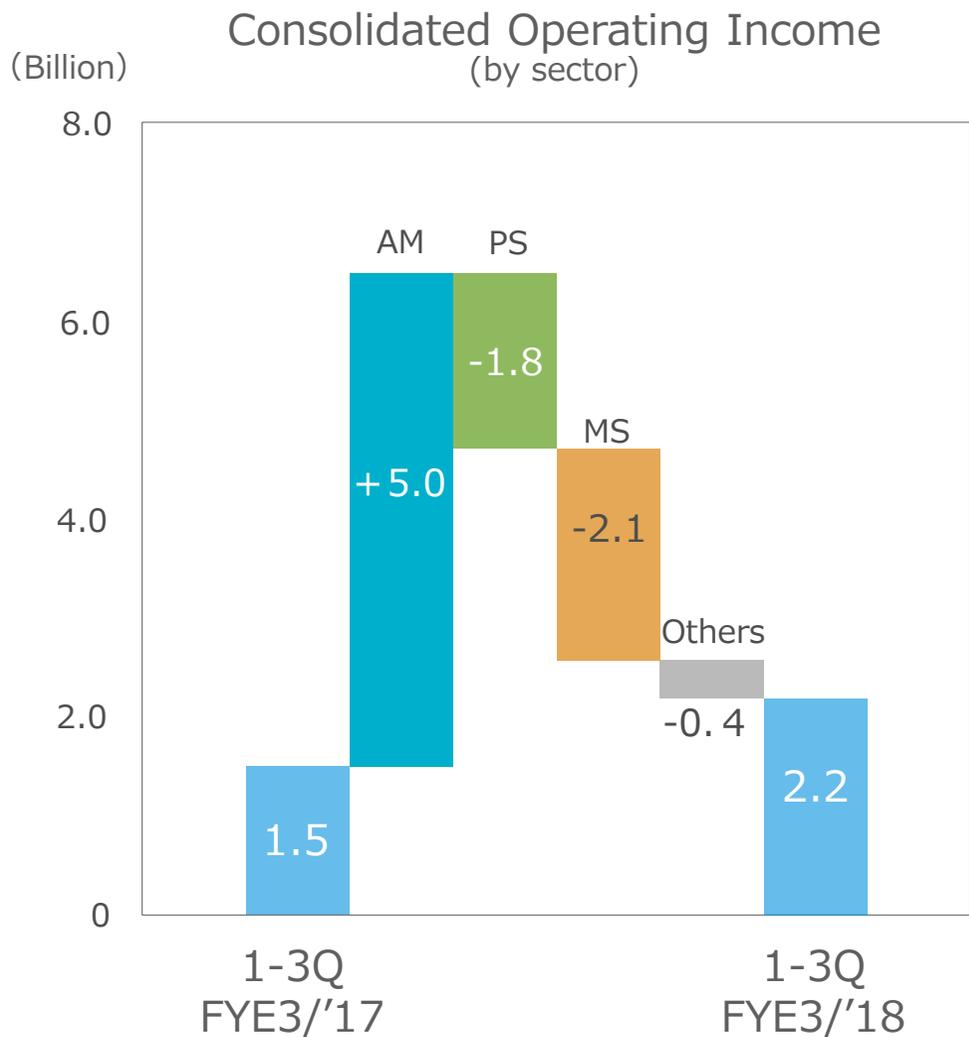


	FYE3/'16		FYE3/'17		FYE3/'18	
	1H	2H	1H	2H	1H	2H
Japan	43.9	56.9	52.3	71.6	60.6	
Americas	41.0	40.7	35.6	38.7	32.3	
Europe	29.0	30.5	27.0	27.1	28.5	
Asia/China	23.3	22.1	19.4	22.5	18.6	
Others	2.2	2.6	2.1	3.0	2.4	

(Billion yen)

Financial Results for 3Q (1-3Q) of FYE3/'18

- Consolidated Operating Income (by Sector)



Financial Results for 3Q (1-3Q) of FYE3/'18

- Consolidated Ordinary Income and Net Income Attributable to Owners of Parent

- A turn around from a loss to profit in ordinary income due to an increase in operating income and improvement in non-operating income and expenses.
- A turn around from a loss to profit in income attributable to owners of parent due to an increase in ordinary income and decrease in extraordinary loss.

(Billion yen)

	1-3Q FYE3/'17	1-3Q FYE3/'18	YoY Change
Operating income	1.50	2.18	+ 0.69
Non-operating income and expenses	-1.75	-0.47	+ 1.29
Ordinary income	-0.26	1.72	+ 1.97
Extraordinary income (loss)	-7.42	2.63	+ 10.06
Income taxes, etc.	2.50	1.86	-0.64
Net income attributable to owners of parent	-10.74	1.83	+ 12.57

Financial Results for 3Q (1-3Q) of FYE3/'18

- Non-operating Income and Expenses and Extraordinary Income (Loss)

(Million yen)

	1-3Q FYE3/'17	1-3Q FYE3/'18	YoY Change
Non-operating income and expenses	-1,753	-467	+1,286
Total non-operating income	732	1,060	+328
Interest income	111	127	+16
Dividend income	181	119	-62
Gain on investments in partnership	-	232	+232
Other non-operating income	439	580	+141
Total non-operating expense	2,485	1,527	-958
Interest expense	692	662	-30
Foreign exchange loss	651	147	-504
Other non-operating expenses	1,141	717	-424
Extraordinary income (loss)	-7,423	2,634	+10,057
Total extraordinary profit	771	2,728	+1,957
Gain on sales of property, plant and equipment	110	825	+715
Gain on sales of investment securities	-	716	+716
Gain on liquidation of subsidiaries and associated companies	560	-	-560
Gain on revision of retirement benefit plan	-	1,143	+1,143
Other extraordinary profit	100	43	+41
Total extraordinary loss	8,194	94	-8,100
Loss on sales(disposal) of property, plant and equipment	1,388	80	-1,308
Impairment loss	5,310	-	-5,310
Business structural improvement expenses	262	8	-254
Employment structural improvement expenses	231	-	-231
Loss on liquidation of subsidiaries and associated companies	273	-	-273
Provision for loss on order received	711	-	-711
Other extraordinary loss	16	5	-11

Financial Results for 3Q (1-3Q) of FYE3/'18

- Balance Sheet Summary

(Billion yen)

	End of FYE3/'17	End of 3Q FYE3/'18	YoY Change
Total assets	262.3	254.8	-7.4
Interest-bearing debts	70.3	67.2	-3.0
Net debt	28.5	27.7	-0.8
Net debt/equity ratio (times)	0.51	0.45	-0.06
Net Assets	61.5	65.6	+ 4.1
Shareholders' equity	56.0	62.1	+ 6.0
Shareholders' equity ratio (%)	21.4	24.4	+ 3.0

Financial Results for 3Q (1-3Q) of FYE3/'18

- Cash Flow Summary

- Cash flow from operating activities increased due to the recording of income before income taxes, coupled with an increase in cash inflow from collection of notes and accounts receivable-trade.
- Net cash used in investing activities decreased due to a decrease in cash outflow for purchasing property, plant and equipment and an increase in cash inflow from sales of property, plant and equipment.

(Billion)

	1-3Q FYE3/'17	1-3Q FYE3/'18	YoY Change
Cash flow from operating activities	5.3	10.4	+ 5.1
Cash flow from investing activities	-13.3	-5.7	+ 7.6
Free cash flow	-8.0	4.6	+ 12.7
Cash flow from financing activities	0.2	-7.1	-7.3
Total	-7.8	-2.5	+ 5.4

1. Overview of Financial Results for 3Q of FYE3/'18
- 2. Full-year Earnings Forecast for FYE3/'18**
3. Topics

Full-year Earnings Forecast for FYE3/'18

- Consolidated earnings for the first nine months of the fiscal year under review progressed at a good pace against the period-start projections because the OEM Business in the AM Sector continued its run of strong sales, despite the effects of lower sales in the PS and MS Sectors.
- Regarding the outlook for the fourth quarter of the fiscal year under review, although we expect sales to continue expanding in the OEM Business of the Automotive Sector, JVCKENWOOD is not revising its consolidated earnings forecast of net sales and operating income for the fiscal year ending March 31, 2018, announced on April 27, 2017 at this time.
- The company forecast of ordinary income and net income attributable to owners of parent has been revised as follows due to an improvement in both non-operating income and extraordinary income (loss).
- The year-end dividend forecast has been revised to 6 yen per share from 5 yen per share.

(Billion yen)

	Results for FYE3/'17 ①	Previous forecast for FYE3/'18 ②	Revised forecast for FYE3/'18 (Announced on January 31, 2018) ③	Change from the previous forecast for FYE3/'18 (③-②)	Change from the results for FYE3/'17 (③-①)
Sales	299.3	295.0	295.0	0	-4.3
Operating income	5.8	6.4	6.4	0	+ 0.6
Ordinary income	3.6	4.4	5.0	+ 0.6	+ 1.4
Net income attributable to owners of parent	-6.7	1.4	2.5	+ 1.1	+ 9.2

1. Overview of Financial Results for 3Q of FYE3/'18
2. Full-year Earnings Forecast for FYE3/'18

3. Topics

Topics 1. Automotive Sector

- Aftermarket Business:
Communicated Type Z top-of-the-line model of Saisoku-Navi series of navigation systems, dashcams, car AV units, and rear monitors, etc. at the Tokyo Auto Salon 2018. We will aim to further expand sales in the strong domestic market by increasing product lines.
- OEM Business:
Exhibited the Mitsubishi Eclipse Cross with a factory-installed, exclusively designed display audio system and touchpad controller at CES 2018, in an effort to expand the factory-installed option business.



Saisoku Navi with dashcam connectivity



Car AV unit compatible with Apple CarPlay and Android Auto™

Topics 2. Automotive Sector (Dashcams)

- The total shipment volume in the Aftermarket Business and the Dealer-installed Option Business reached a record high in December 2017, driven by greater demand in the domestic market.

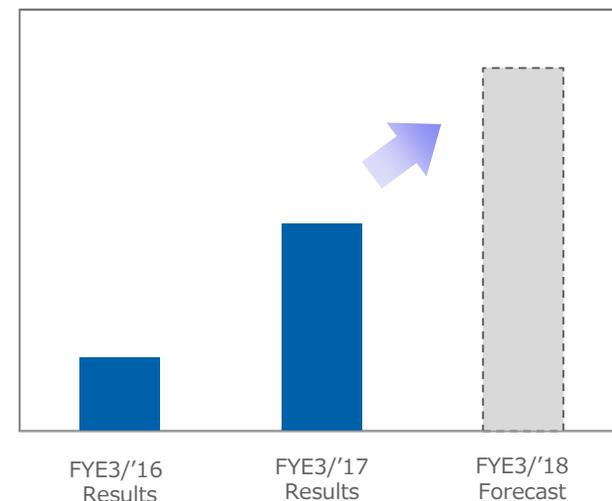


The highest-definition dashcam in the industry



Front/rear cameras are connected to Saisoku-Navi navigation system

Diagram of results and forecast of domestic shipment volume for JVCKENWOOD's dashcams



- Added an entry model featuring Full HD high-quality video recording and HDR functions to the product line to further expand sales.
- Made efforts toward full-scale introduction in the U.S. and European markets in anticipation of market growth.



Entry model scheduled for launch

Topics 3. Public Service Sector (Communications Systems Business)

- JVCKENWOOD made Radio Activity, an Italy-based developer and seller of digital radio relay systems that are compatible with DMR-compliant digital radio system solutions, into a subsidiary in January 2018. The purpose was to enable the provision of DMR-compliant radio system solutions with high functionality and reliability.
- KENWOOD brand's IP wireless system, developed through collaboration with U.S.-based Sonim Technologies through a capital and business alliance, will be adopted by a leading mobile phone carrier.



DMR-compliant radio system solutions provided by Radio Activity

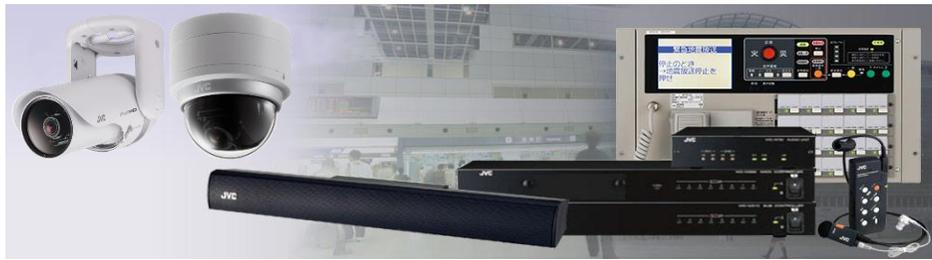


KENWOOD brand's IP wireless system

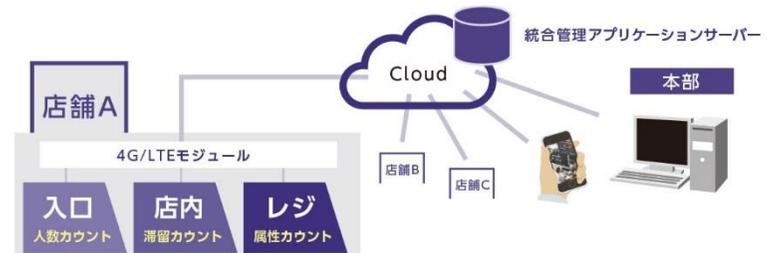
Topics 4. Public Service Sector (Professional Systems & Healthcare)

■ Professional Systems Business:

- Expanded orders for audio/security camera systems from large convention halls.
- Expanded the solutions business by taking measures such as starting to provide marketing cameras to commercial facilities.



Professional audio system/security camera system



Conceptual image of marketing camera system

■ Healthcare Business:

Exhibited advanced OR* imaging system solutions at HOSPEX Japan 2017. This was part of efforts to move into the Japanese and U.S. markets through collaboration with Rein Medical, a German company engaged in selling and implementing OR imaging system solutions.

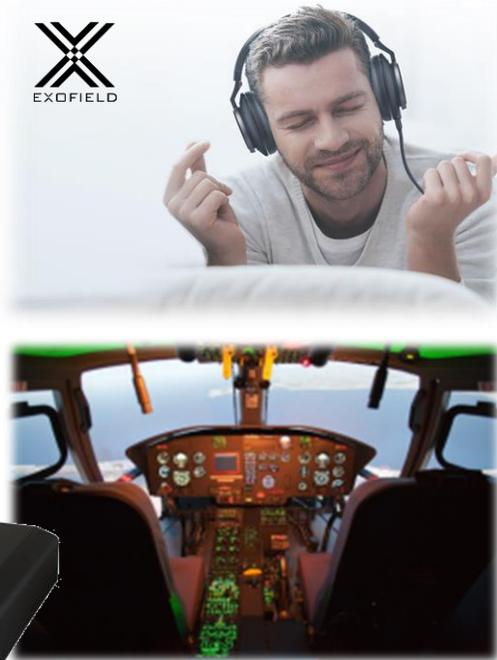
*Abbreviation for operation room



Topics 5. MS Sector

■ Media Business:

- Demonstrated EXOFIELD out-of-head localization sound field processing technology at CES 2018, in an effort to have this technology deployed overseas.
- Intensively strengthened the lineup of Bluetooth-enabled earphones.
- Started shipping projectors to a leading simulator company.



Flight Simulator Image

■ Entertainment Business:

- Victor Rock Festival 2018 event scheduled, celebrating the fifth anniversary.
- Promising works scheduled for release in 4Q
 - “MVP,” a BD/DVD by Keisuke Kuwata
 - “Live Tour ‘Continues,’” a BD/DVD by Gen Hoshino
 - “Doraemon,” a single for the theme song for Doraemon the Movie: Nobita’s Treasure Island by Gen Hoshino
 - “TIME,” an album by Leo Ieiri



JVCKENWOOD

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Please note, however, that the above is not a comprehensive list of all the factors that may exert a significant influence on the Company's performance.